Energy Security Corporation

Annual Report

2025-26

30 October 2026



NSW GOVERNMENT

Acknowledgment of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present, and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of First Nations peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of First Nations peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for First Nations peoples, families and communities towards improved economic, social and cultural outcomes.



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Energy Security Corporation

NSW GOVERNMENT

The Hon. Penny Sharpe, MLC
Minister for Climate Change
Minister for Energy
52 Martin Place
Sydney NSW 2000

30 October 2026

Re: Energy Security Corporation Annual Report 2025-26

Dear Minister,

On behalf of the Board of the Energy Security Corporation (ESC), I am pleased to submit our annual report for the financial year ended 30 June 2026, prepared in accordance with Division 7.3 of the *Government Sector Finance Act 2018* (NSW) and the *Energy Security Corporation Act 2024* (NSW) (ESC Act).

This annual report outlines the operations, activities and financial performance of the ESC from 1 July 2025 to 30 June 2026 and reflects the ESC's functions and responsibilities under the ESC Act.

A copy of this report is provided to you for presentation to the Parliament of New South Wales.

The reporting framework under the ESC Act enables agencies to self-assess within one of 3 groups, which determines the prescribed level of financial and annual reporting. The ESC has been assessed as a Group 1 entity and has prepared its annual report in accordance with Treasury policy and *Group 1 - Annual Report TPG25-10a*.

Once tabled, it will be made available on the ESC website (escorp.com.au).

Yours sincerely,

Cameron O'Reilly
Chair of the Board
Energy Security Corporation

Level 27, Parkline Place
252 Pitt Street
Sydney, New South Wales 2000

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Cameron O'Reilly, Chair



Paul Peters, CEO

Message from the Chair and CEO

The past year has reinforced both the scale and urgency of the energy transformation underway in NSW.

Electricity demand is growing as our economy electrifies and new industries and large energy users, including data centres, connect to the grid. At the same time, coal-fired power stations are ageing and will reach retirement dates, requiring new generation, storage and enabling infrastructure to be delivered at pace.

The scale of this change is significant. NSW electricity demand has remained relatively stable at around 67 TWh in recent years but is expected to rise substantially over the next decade. Stronger growth from data centres and other large loads will see demand increase to at least 85 TWh by 2035.

This changing outlook reinforces the need to accelerate investment across the energy system, from large-scale infrastructure that strengthens electricity supply to technologies in homes that help households use, generate and store energy more effectively.

Energy security in a changing world

Events over the past year have also been a reminder that energy security is shaped by developments well beyond NSW.

Geopolitical disruption has affected global fuel markets and supply chains, bringing renewed focus to the importance of energy security and resilience. For NSW, building a more resilient electricity system increasingly supported by domestic energy resources, storage, and flexible technologies will help reduce exposure to external shocks while supporting the transition to lower emissions.

Energy security ultimately means having confidence that industry, business and households can access reliable and affordable energy when they need it. Achieving this as the electricity system changes will require sustained investment and coordinated action across government, industry and the investment community over the next decade.

From establishment to investment

For the Energy Security Corporation (ESC), FY26 was the year we moved from establishment into investment.

We entered the year with a newly appointed Board, an initial $1 billion in investment capital and a clear mandate to work alongside the private sector to accelerate priority energy projects. We ended it with our first investment made, an active pipeline of opportunities and an expanded role encompassing both large-scale energy infrastructure and consumer energy investment. Feedback from the market is that the model of a catalytic government-backed investor is welcomed by investors.

In June 2026, the ESC announced its inaugural investment, committing $100 million to PLUS Grid Storage's large-scale battery platform across Sydney, Newcastle and the Hunter Central Coast. The project will help strengthen reliability and energy security as the state prepares for the planned closure of the Eraring Power Station in 2029.

The investment will support 4 batteries with a combined capacity of approximately 650 MW. Around 500 MW is expected to be operating by early 2029, with the broader PLUS Grid Storage platform targeted to grow to as much as 1 GW by 2031. The first project, at Steel River East in Newcastle, commenced construction shortly after the end of the reporting year.

Extending our investment approach into NSW homes

The year also marked an important expansion of the ESC's role, with Home Energy Saver loans added to our *Investment Mandate.*

Through the $480 million commitment, the ESC provides capital to consumer finance providers so eligible NSW households can access zero-interest, no-fee finance for energy saving home upgrades. We welcomed Brighte Capital and Plenti Finance as our first Home Energy Saver finance partners, with an initial ESC commitment of $50 million to each.

The program is expected to help at least 32,000 NSW households access finance to undertake upgrades such as rooftop solar, home batteries and more efficient heating and cooling. These upgrades can lower energy bills, improve comfort and give households greater control over how they use, generate and store energy. At scale, they can also help manage demand and reduce pressure on the wider electricity system. Initial response to the Home Energy Saver loan program from NSW households has been strong.

Home Energy Saver reflects the whole-of-system approach we are taking at the ESC. Maintaining reliability as demand grows is not simply a question of building more supply. There is also an important role for households in reducing and shifting demand, generating their own electricity and storing energy for use when it is needed.

Building the ESC

Behind these first investments has been the work of establishing the organisation itself.

During the year, we moved from interim establishment arrangements to a permanent leadership team and specialist workforce, while continuing to put in place the governance, investment processes, systems and risk settings needed to manage public capital responsibly.

We want to acknowledge the Board and the ESC team for the considerable work behind establishing the ESC.

We acknowledge the support of the NSW Government, particularly the Minister for Energy the Hon Penny Sharpe MLC and Treasurer the Hon Daniel Mookhey MLC.

We also thank the government agencies, developers, investors and finance providers that worked with us throughout the year. The scale of the task ahead means government and private capital will need to work together, with each playing a clear role.

Looking ahead

The focus now is execution.

There is a strong pipeline of investment opportunities in FY27, and the work undertaken in our first year has put the ESC in a strong position to convert this pipeline into investment.

We will continue to bring commercial discipline and public purpose to that task, working alongside private capital to help deliver a more affordable, reliable and cleaner energy system for NSW.





Cameron O'Reilly
Chair

Paul Peters
Chief Executive Officer

Overview

01



Image: © DCCEEW / Matt Beaver

Overview

About the Energy Security Corporation

The ESC is the NSW Government's clean energy investor.

We invest across the energy system, from large-scale infrastructure that strengthens energy supply to consumer energy resources that help households better manage how they use, generate and store energy.

We invest alongside the private sector to address market gaps, catalyse investment and accelerate the projects needed to deliver a more affordable, reliable and cleaner energy system for NSW.

Our purpose and objectives

Established under the *Energy Security Corporation Act 2024* (ESC Act), the ESC invests to accelerate the state's energy transformation.

Our objectives under the ESC Act are to:

- accelerate private sector investment in clean energy projects in NSW that improves the reliability, security and sustainability of electricity supply
- support NSW to achieve its targets for reducing net greenhouse gas emissions under the *Climate Change (Net Zero Future) Act 2023*
- complement other government initiatives relating to clean energy technologies, and partner with the private sector to finance clean energy technologies
- achieve a government-mandated rate of return using a portfolio approach.

The ESC's activities are guided by the ESC Act, the ESC *Investment Mandate, Investment and Risk Policies, Investment Guidelines* and our annual *Statement of Business Intent (SBI)*. Together, these documents set the framework for how we invest and operate.

Our core work

The ESC invests public capital and mobilises private investment to move priority energy infrastructure projects into construction.

We structure investment through either debt, equity or hybrid instruments. We work with developers, financiers, government and industry to identify and progress investments that can deliver the greatest impact.

Where we invest

Large-scale energy projects

We invest in medium-to-long-duration storage, hybrid generation and storage projects, and enabling infrastructure that strengthen reliability and support a more secure energy system for the state.

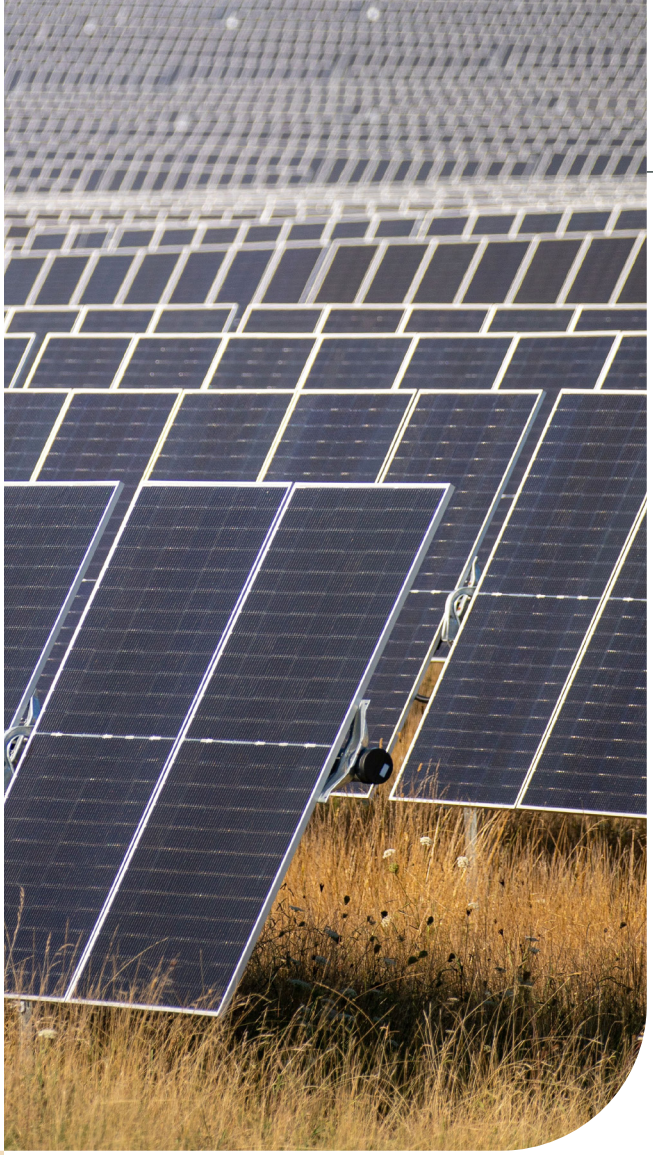


Image: © DCCEEW / Mike Terry



Image: © DCCEEW

Consumer energy

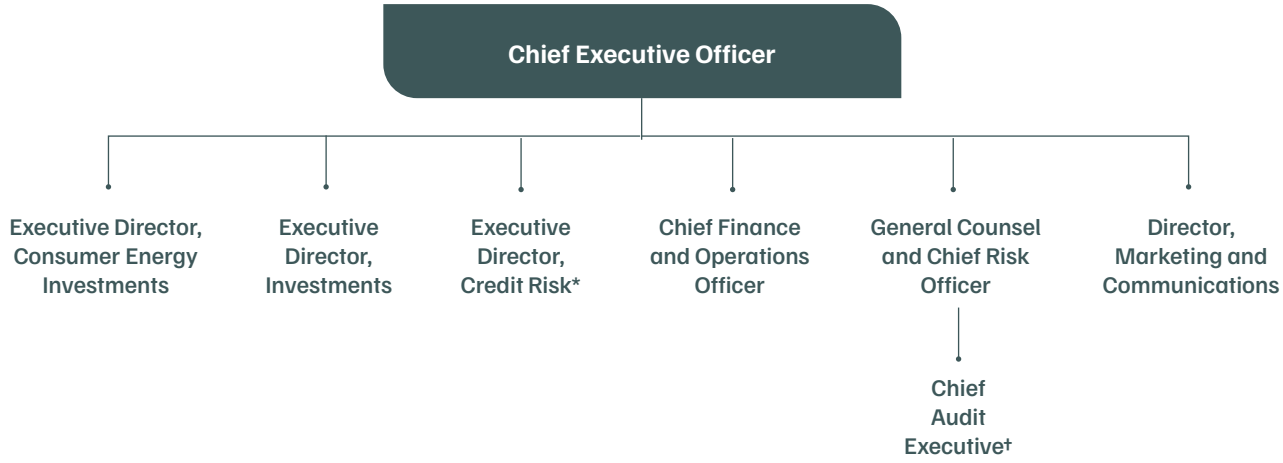
We are delivering the Home Energy Saver loan program to help households access energy saving home upgrades, lower their energy bills, improve year-round comfort of their homes and support reliability across the wider electricity system.

Management and structure

Our Executive Leadership Team (ELT) provides strategic direction and operational oversight of the ESC. The team has expertise in banking and finance, energy infrastructure, consumer energy, governance and communications.

The reporting year marked the ESC's transition from establishment into operations. The ELT (Figure 1) oversaw the development of the people, systems, governance and investment capability needed to deliver the ESC's mandate.

Figure 1: Executive Leadership Team organisation chart



*Executive Director, Credit Risk is designated as key personnel but is not a member of the Executive Leadership Team.

† The Chief Audit Executive is not a member of the Executive Leadership Team, and reports functionally to the Board Audit and Risk Committee (BARC) and administratively to the General Counsel and Chief Risk Officer.



Executive Leadership Team

Paul Peters

Chief Executive Officer

Leads the ESC and is responsible for its strategy, operations and performance in delivering on the ESC's *Investment Mandate.*



Paul Corkill

Executive Director, Consumer Energy Investments

Leads the delivery of the Home Energy Saver loan program, including deploying the $480 million fund and managing participating finance providers.



Peter Crimp

Chief Finance and Operations Officer

Leads the finance and operations team, responsible for managing financial reporting, budgeting, forecasting, procurement and providing operational support across the ESC and its investment activities.



Nick Renshaw

Executive Director, Investments

Leads the investment team responsible for originating, assessing and executing the ESC's $1 billion investment portfolio in large-scale renewable energy projects, including energy storage and enabling infrastructure. He was appointed on 17 August 2026, following the end of the reporting period.



Laurence Street

General Counsel and Chief Risk Officer

Provides legal, governance, risk and compliance advice, and governance support and advice to the Board and its committees.



Abi Sexton

Director, Marketing and Communications

Leads media, marketing, brand and digital communications, and supports corporate reporting and stakeholder engagement.

Related entities and reporting scope

The ESC did not control any subsidiaries or other entities during the reporting period.
The ESC works with NSW Government agencies and entities involved in the energy transformation, including the NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW), EnergyCo and AusEnergy Services Limited (ASL). These organisations have distinct statutory and operational responsibilities and are not controlled by the ESC.

Scope of this report

This annual report presents the annual reporting information of the ESC for the year ended 30 June 2026.
The ESC did not apply for any exemptions, or an extension of time to submit this annual report.

Our establishment journey

The reporting year was marked by the ESC's transition from a newly established statutory corporation to an operating clean energy investor.

June 2024

The *Energy Security Corporation Act 2024* was passed, establishing the ESC as a statutory corporation.

June 2025

The inaugural Board was appointed and the ESC formally opened for investment.

16 June 2026

The ESC's updated *Investment Mandate* was published, formally incorporating Home Energy Saver loans.

16 June 2026

The ESC announced its first general portfolio investment: $100 million in a large-scale battery platform delivered by PLUS Grid Storage.

February 2025

The NSW Government issued the ESC's first *Investment Mandate*, setting its strategic and financial parameters.

July 2025 – June 2026

The ESC established its executive team, governance framework, *Investment and Risk Policies* and investment pipeline.

17 June 2026

Home Energy Saver loans launched, supported by initial ESC commitments of $50 million each to Brighte Capital and Plenti Finance.

Strategy

02



Image: © DCCEEW / Lucas Martin

Strategic objectives and outcomes

NSW is undergoing a major transformation of its energy system. Electricity demand is increasing as households, businesses and industry electrify, electric vehicle use accelerates, and new large energy users connect to the grid. At the same time, coal-fired power stations are retiring and increasing amounts of renewable generation and storage are entering the system.

The energy transformation needs coordinated action and capital across the energy system. The ESC invests across electricity supply and demand to help accelerate the transition while reducing emissions and ensuring electricity is available when it is needed.



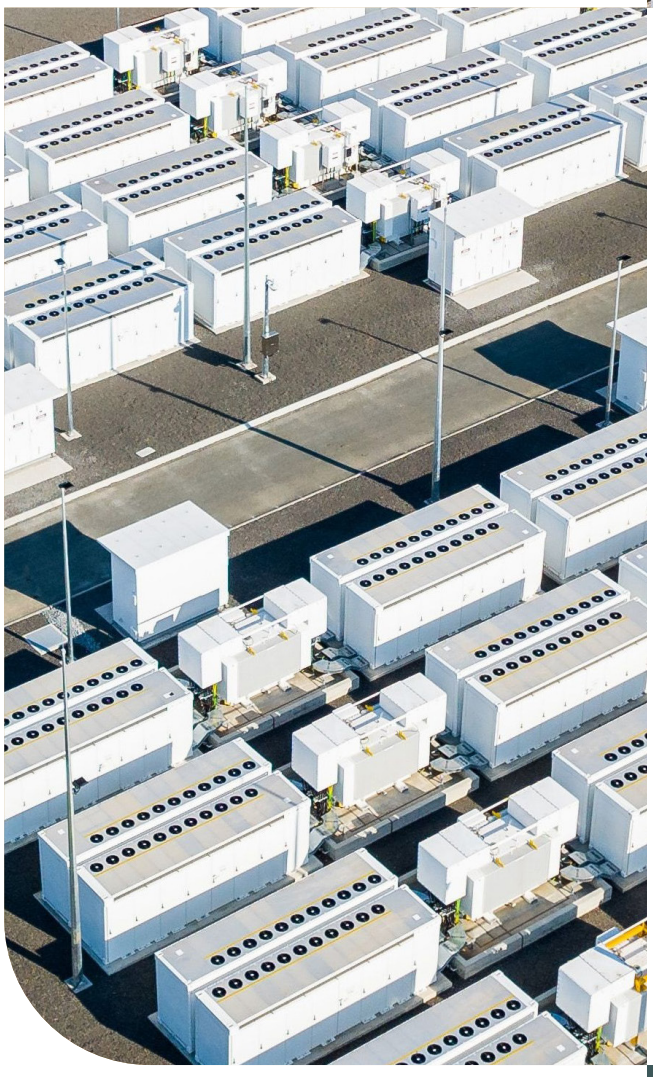


Image: © DCCEEW / Matt Beaver

The ESC's first full year of operations focused on building the organisation and commencing investment delivery. Priorities included establishing the corporation's governance and operating foundations, developing a strong investment pipeline, executing its first investments and launching the Home Energy Saver loan program.

Future planning will build on these foundations. The ESC will continue to invest in a portfolio of large-scale energy infrastructure projects, deploying funding through its consumer energy program and working with government and industry to identify emerging energy system needs.

Our strategic framework

The ESC's strategic direction is guided by:

- the *Energy Security Corporation Act 2024*
- the ESC *Investment Mandate*
- the ESC *Investment and Risk Policies*, and *Investment Guidelines*
- the ESC annual *Statement of Business Intent (SBI).*

The ESC Act establishes our statutory objectives and functions, while the *Investment Mandate* sets the strategic, financial and operational parameters for how we invest public capital. Our annual SBI sets out how we will give effect to our *Investment Mandate*, including our business priorities, activities, performance measures and financial settings.

Our strategic priorities

The ESC's strategic priorities are shaped by its *Investment Mandate* and emerging needs across the NSW electricity system. They guide where we focus our investment activity and how we work with government, industry and the private sector.

Our strategic priorities are to:



Invest in priority energy projects

Support medium-to-long-duration storage, hybrid generation and storage projects, and enabling infrastructure that can strengthen reliability, improve system security and help bring forward new capacity.



Build a strong investment pipeline

Develop and progress high-quality investment opportunities in energy storage, network infrastructure and consumer energy resources.



Work in partnership

Coordinate with government, industry, developers and finance providers to identify system needs, address market barriers and mobilise private investment.

Our investment approach

Our general portfolio investment approach is underpinned by 5 pillars.

Greenfield projects

Focus on new projects and assets that add capacity, capability or resilience to the NSW electricity system.

Partner first

Work with capable private-sector partners and address the barriers preventing viable projects from progressing.

Crowd in private capital

Use public capital strategically to attract additional private debt and equity and manage risks that commercial investors may not be willing or able to take alone.

Accelerate projects

We accelerate investment to help projects reach their final investment decision (FID) sooner or bring forward their commercial operation date (COD).

Extend duration

Where appropriate, support projects that increase the duration and flexibility of energy storage.

Together, these pillars guide how we identify investment opportunities, structure transactions and direct public capital to where it can have the greatest effect.

Image: © DCCEEW / Jeremy Park



Measuring our success

The ESC measures progress against the priority activities and performance targets set out in our annual SBI.

Our performance framework combines quantitative and qualitative measures to provide a balanced view of investment delivery, financial performance and organisational capability. The information used to assess progress includes:



Image: © DCCEEW / Matt Beaver

Investment delivery
Capital committed, new capacity facilitated and progression of the investment pipeline

Financial performance
Portfolio returns and performance against approved budgets

Market impact
Private capital mobilised and progress in building strategic partnerships across government and industry

Organisational capability
Progress in building the people, governance, systems and operational capability required to deliver the mandate

Performance information is drawn from investment and transaction records, financial systems, project and program reporting, governance and risk reporting, and updates from responsible business areas and investment partners.

Progress is reviewed through regular management reporting and quarterly reports to the ESC Board and NSW Treasury. The ELT uses this information to assess delivery, identify emerging risks and gaps and determine whether priorities, resources, budgets or delivery plans need to be adjusted.

Performance against these measures is reported in Chapter 3.

Strategic resource allocation

The ESC aligns its financial and non-financial resources to the priorities set through our *Investment Mandate*, SBI and annual planning process.

Investment capital is allocated through the ESC's general portfolio and consumer energy investment activities, subject to investment assessment, risk settings and governance approvals. Corporate resources are allocated across the investment, finance, operations, legal, governance, risk and communications functions required to manage investments and the business effectively.

Resource requirements are reviewed using annual business planning, budget and investment pipeline reviews and quarterly performance reporting.

Operations and performance

03



Image: © DCCEEW / Mike Terry

Operations and performance

FY26 marked the ESC's transition from establishment into investment delivery. During the year, we made our first investments across large-scale energy infrastructure and consumer energy, progressed our investment pipeline, and continued to build the organisational capability needed to manage public capital effectively.

Our performance is assessed against the priority activities and performance targets set out in the ESC's *FY26 Statement of Business Intent (SBI)*. This chapter reports on our investment activity, operational delivery and performance against those commitments.

Investment highlights

The ESC commenced investment activity across both areas of its updated mandate during the reporting year. This included our inaugural $100 million general portfolio investment and commitments of $50 million each to 2 Home Energy Saver loan consumer finance providers, Brighte Capital and Plenti Finance, supporting consumer energy investments.

03
investments

$200 million
capital committed

6.7:1
private co-investment ratio*

$25 million
capital deployed

650 MW / 1.8 GWh
new energy capacity facilitated

* Related to large scale infrastructure only.

FY26 investment report

Table 1: The below table addresses the requirements of Section 52 of the *Energy Security Corporation Act 2024*.

Date	Form of investment	Value	Length of investment	Expected rate of return	Location
June 2026	Senior debt	$100m	c. 7 years	5.23% - 7.29% †	Sydney, Newcastle and the Hunter Central Coast
June 2026	Investment finance via a financial services provider to encourage uptake of residential clean energy technologies	$50m	c. 10 years	N/A ‡	NSW
June 2026	Investment finance via a financial services provider to encourage uptake of residential clean energy technologies	$50m	c. 10 years	N/A ‡	NSW

† Expected rate of return is an annualised average estimate and may vary due to changes in market rates, drawdown assumptions, and other relevant factors.
‡ Under the ESC mandate, there is no mandated target rate of return on the portfolio of investments under the Home Energy Saver loan program.

No investments were realised during the reporting period.

Rural and regional investment distribution

The ESC's general portfolio investment was a platform-level facility not allocated geographically to individual projects, while the Home Energy Saver loans program had been open for only 13 days. The ESC is therefore not able to separately quantify the proportion of its total investments attributable to rural and regional areas for the purposes of section 54(1)(e) of the *Energy Security Corporation Act 2024*.

Concessions

No concessions were provided by the ESC during the reporting period.

Total value of investments by technology

Table 2: The below table addresses the requirements of Section 54 (1)(a) of the *Energy Security Corporation Act 2024*.

Clean energy technologies	Value
Utility scale storage	$100m
Electrification of customers energy usage	$100m

Investment activity

General portfolio

Backed by $1 billion in seed funding, the ESC's general portfolio co-invests in large-scale energy projects that strengthen the reliability and security of the NSW electricity system.

The ESC can provide debt, equity and hybrid finance, including concessional finance where appropriate, giving us flexibility to address financing barriers and help viable projects progress to financial close. General portfolio investments are between $25 million and $150 million.

General portfolio investment

Large-scale battery platform

In June 2026, the ESC announced its inaugural general portfolio investment, committing $100 million to support the rollout of a large-scale battery platform across Sydney, Newcastle and the Hunter Central Coast.

The investment will support 4 battery energy storage projects with combined capacity of up to 650 MW. The first 2 are 200 MW projects at Steel River Industrial Estate in Newcastle and Homebush in Sydney, with a further 2 projects expected to add approximately 250 MW of capacity.

Together, the projects will help strengthen electricity reliability in the state's highest-demand region as coal-fired power stations age and are retired. The projects will make use of existing electricity network infrastructure, helping accelerate delivery and reduce impacts on communities.

The first 500 MW of capacity is expected to be operational by early 2029, with a further 150 MW expected later that year.

The battery platform is being delivered by PLUS Grid Storage, a separate entity within the Ausgrid Group, responsible for building, owning and operating distribution-connected battery storage.

Construction began on the Steel River East battery project in August 2026

Construction commenced after the reporting period with no other significant milestones occurring.

Image: © PLUS Grid Storage **From left:** Tim Crakanthorp, State Member for Newcastle; Geoff Baudains, SCEE CEO; Kelly Wood, Group Executive PLUS Grid Storage; Paul Peters, ESC CEO; and Sharon Claydon, Federal Member for Newcastle.



Investment impact

4
battery projects

Up to
650 MW
storage capacity

Up to
118,000 homes a day
equivalent capacity

2029
capacity expected



Image: © DCCEEW / Matt Beaver

Building the investment pipeline

We continued to develop a pipeline of investment opportunities across medium-to-long-duration storage, hybrid generation and storage projects, and enabling infrastructure.

Our focus is on projects where ESC participation can address financing barriers, mobilise private capital, bring forward FID or COD, increase storage duration or otherwise improve outcomes for the NSW electricity system.

Consumer energy

Consumer energy investment allows the ESC to support the energy system from the demand side as well as through large-scale infrastructure development.

We deliver the Home Energy Saver loan program that will help tens of thousands of NSW households access energy saving home upgrades that can lower energy bills, improve comfort and give households greater control over how they use, generate and store energy. At scale, technologies such as rooftop solar, batteries and efficient heating and cooling can also help manage demand and support reliability across the wider electricity system.

Consumer energy investment

Home Energy Saver loans

In June 2026, the ESC commenced its first consumer energy investments through the NSW Government's Home Energy Saver program.

The ESC provides funding to participating consumer finance providers so they can offer eligible NSW households zero-interest, no-fee loans for approved energy saving home upgrades. Consumer finance providers are responsible for assessing customer applications, approving loans and managing repayments, while approved suppliers and licensed installers deliver upgrades to households.

The ESC committed an initial $50 million to Brighte Capital and $50 million to Plenti Finance to support the program's launch. The program is backed by a $480 million commitment and is expected to help around 32,000 households make energy saving home upgrades.

The program is estimated to deliver around $766 million in household benefits, comprising approximately $650 million in energy bill savings and $116 million in avoided financing costs.

A young family on the Central Coast of NSW installed a heat pump hot water system with the Home Energy Saver loan to help reduce their electricity bills.

Image: © ESC / Marc Hoyler **From left:** Brett and Samara Ross, Watanobbi NSW.



Investment impact

$480 million
Home Energy Saver loan funding

$100 million
initial ESC commitments

2
finance providers at launch

Around
32,000
households expected to benefit

$766 million
estimated household benefits



Image: © DCCEEW / Matt Beaver

Table 3: Program results as of 30 June 2026

Measure	FY26 results
Applications received	1,594
Applications approved	989
Products installed	157
Value of applications approved	$12,214,970
Average loan value of approved applications	$12,350.83

Home Energy Saver loans launched near the end of the reporting period (open for 13 calendar days only). As a result, early participation data reflects only a short period of operation. More meaningful information on household participation, technology uptake and program outcomes will become available as the program matures.

Performance against our SBI

The ESC's FY26 SBI set 5 priority activities for the reporting year. These reflected the ESC's transition from establishment to operations and provided the basis for monitoring delivery throughout the year.

Performance against priority activities

Table 4: Priority activity outcomes

FY26 priorities	Status as of 30 June 2026
Deliver the ESC's inaugural investment by the end of 2025	Achieved after original target date
Consolidate and progress a high-quality investment pipeline	Achieved
Establish operational and governance frameworks	Ongoing
Strengthen strategic partnerships across government and industry	Ongoing
Maintain prudent financial management	Achieved

Performance against key measures

The SBI also sets quantitative and qualitative measures used to assess the ESC's investment and financial performance.

Table 5: Performance against key measures

Measure	Target	Results	Assessment
Capital committed	$243m–$380m	$200m	Below target
New capacity facilitated	750 MW / 3 GWh	650 MW / 1.8 GWh	Below target
Catalysed private co-investment	3:1–5:1	6.7:1	Above target
Medium-to-long-term portfolio return	Medium-to-long-term measure	N/A	Not yet assessable

Building our operational capability

Establishing the people, systems and governance needed to operate as a government investment corporation was an important part of the ESC's work during the financial year.

As investment activity commenced, we continued to develop the specialist capabilities and operating frameworks needed to originate and manage investments effectively.



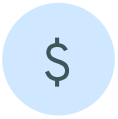
People and capability

Recruitment of specialist investment, consumer energy and corporate roles that are needed to deliver the ESC's mandate.



Governance and risk

Developed and implemented investment, risk, governance and operational policies, and established decision-making arrangements to support effective Board and committee oversight.



Investment capability

Implemented processes and systems to support investment origination, assessment, due diligence, transaction execution and portfolio management.



Corporate operations

Continued to develop the financial, procurement, reporting and corporate systems needed to support the ESC's operations and growing investment portfolio.

These foundational activities will continue to evolve as the size and complexity of the ESC's investment activities increase.

Strategic partnerships

Partnerships are central to the ESC's investment model. We work with project developers, equity and debt providers and government to identify system needs, identify investment opportunities and make investments.

During FY26, we strengthened relationships across the NSW energy sector and financial markets. This engagement supported development of the general portfolio pipeline, execution of the ESC's inaugural large-scale investment and establishment of the finance partnerships needed to launch Home Energy Saver loans.

We also continued to coordinate with NSW DCCEEW, EnergyCo, ASL and other government entities to help ensure the ESC's investment complements broader NSW Government energy initiatives and responds to emerging system needs.

Summary of operating costs and expenses benchmark

The following addresses the requirements of Section 54 (1) (d) of the *Energy Security Corporation Act 2024*. In FY26, the ESC was in its foundational year. Operating costs and expenses largely reflected establishment and capability-building activities. Benchmarking against comparable entities would therefore not provide a meaningful like-for-like comparison for the reporting period.

Innovation and continuous improvement

The energy system is evolving rapidly, and the ESC continues to refine its approach as the organisation and its investment portfolio grow. We use experience gained through investment activities, program delivery and stakeholder engagement to improve our processes, systems and ways of working.

As a newly established organisation, our focus is on building fit-for-purpose processes that support efficient delivery, commercially rigorous decision-making and effective oversight of public capital.

Infrastructure program

The ESC had no major infrastructure works during FY26.

Use of technology

The ESC uses various technologies to support its investment activities and day-to-day operations. During the year, we continued to develop systems and processes to support efficient and secure operations.

The ESC uses approved artificial intelligence tools to support employee productivity, subject to NSW Government requirements.

IPART determination

We are not subject to any determination or recommendation by the Independent Pricing and Regulatory Tribunal (IPART).

Looking ahead

With our first investments completed and core operating foundations in place, the ESC enters FY27 focused on executing investments and growing a pipeline of opportunities.

We will continue to deploy funding through consumer finance partners for Home Energy Saver loans.

As the portfolio grows, we will continue strengthening the investment, governance, risk and operational capability needed to manage public capital effectively and deliver against our mandate.

Management and accountability

04



Image: © DCCEEW / Jeremy Park

Management and accountability

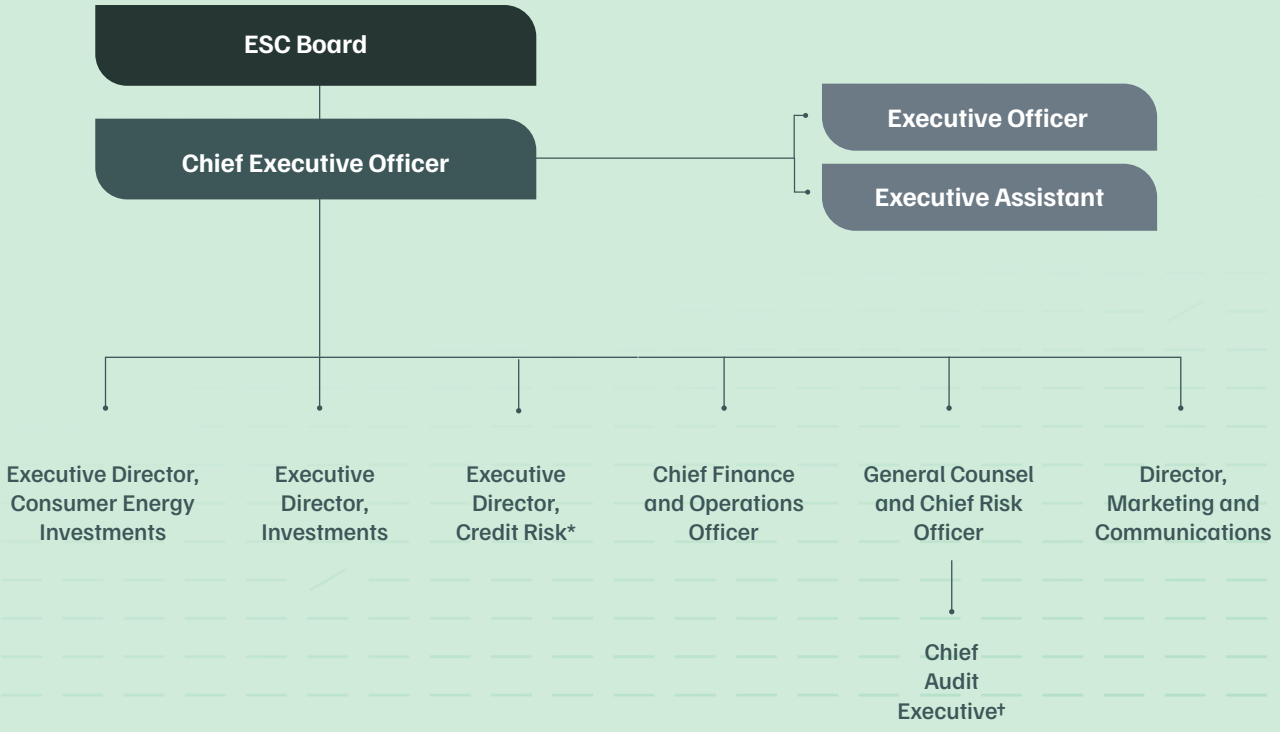
The ESC's leadership comprises a Board of Directors and the ELT. These committed professionals bring deep expertise, particularly in infrastructure and energy finance, to make the critical investments required to deliver on the ESC's public mandate.

Organisational structure

The ESC is structured to maximise performance in line with the ESC Act and its *Investment Mandate.* Our core activities include investment sourcing, transaction execution and portfolio, credit and risk management. These functions are supported by a range of specialist areas, including finance, risk, legal, governance, compliance, marketing and communications, and people and culture.

The organisational structure (Figure 2) reflects the ESC's leadership team and reporting lines as at 30 June 2026. The chart does not depict all positions within the organisation.

Figure 2: ESC organisational structure



*Executive Director, Credit Risk is designated as key personnel but is not a member of the Executive Leadership Team.

† The Chief Audit Executive is not a member of the Executive Leadership Team, and reports functionally to the Board Audit and Risk Committee (BARC) and administratively to the General Counsel and Chief Risk Officer.

Our people

Table 6: Number of officers and employees by category FY26 (FTE)

Classification	30 June 2025 ǂ	30 June 2026
Permanent full-time	0	8
Temporary full-time	0	3
Temporary part-time	0	0
Contractor	0	3.8
Total	0	14.8

ǂ At 30 June 2025, the ESC did not have any directly employed staff. Staff supporting the ESC were employed by NSW DCCEEW.

ESC executives

Table 7: Number of senior executives FY26 compared to previous year*

Executive remuneration range	2025 †		2026	
	Female	Male	Female	Male
$527,051 – $608,850	0	0	0	0
$373,951 – $527,050	0	0	0	1
$297,251 – $373,950	0	0	0	2
$208,400 – $297,250	0	0	1	0
Total	0	0	1	3

* Values given in table 7 do not include contractors.
† At 30 June 2025, the ESC did not have any directly employed staff. Staff supporting the ESC were employed by NSW DCCEEW.

Table 8: Average remuneration of senior executives in FY26, compared to previous year*

Executive remuneration range †	Average remuneration FY25	Average remuneration FY26‡
$527,051 – $608,850	N/A	N/A
$373,951 – $527,050	N/A	$527,000§
$297,251 – $373,950	N/A	$373,950
$208,400 – $297,250	N/A	$250,000

* At 30 June 2025, the ESC did not have any directly employed staff. Staff supporting the ESC were employed by NSW DCCEEW.
† Remuneration ranges are used for annual reporting purposes only.
‡ Packages as reflected at the end of FY26.
§Excludes performance payment up to 15% payable at the discretion of the Board.

The monetary value of employment benefits paid to senior executives in FY26 represented 46% of ESC's employee related expenses (including personnel services expenses) reflecting the organisational structure and transitional year.

As of 30 June 2026, senior executives represented 27% of total headcount.

Remuneration and allowances

Table 9: The below table addresses the requirements of Section 54 (1) (c) of the *Energy Security Corporation Act 2024.*

Role	Remuneration
Board Chair	$125,000 + super
Board Member (6)	$55,000 + super
Board Audit and Risk Committee Chair*	$14,030 + super
Board Audit and Risk Committee Member (2)*	$1,621 per standard meeting + super
ESC CEO and Senior Managers	
CEO	$505,333
Chief Finance and Operations Officer	$332,694
General Counsel and Chief Risk Officer	$330,900
Director, Marketing and Communications	$172,969

* Committee fees in addition to Board fees.

Boards and committees

The ESC is governed by an independent Board appointed by the NSW Treasurer and Minister for Finance on 26 June 2025. The Board is responsible for approving investment decisions and providing effective governance.

Board members have expertise in energy, finance, law, infrastructure and risk, ensuring strong and independent oversight of the ESC's operations and impact.

Members are appointed for terms of no longer than 3 years and may be reappointed.

The ESC Board is accountable for the performance of the ESC. Its responsibilities under the ESC Act include:

1. to determine strategies and policies for the ESC
2. to ensure the proper, efficient, and effective exercise of the Corporation's functions
3. to approve investment decisions made by the Corporation.

Our Board

All Board members are appointed for 3 years commencing 26 June 2025 and expiring 1 June 2028. The ESC Board members as at 30 June 2026 are set out below.



Cameron O'Reilly, Board Chair

Cameron is an energy and public policy expert with over 20 years' experience in Australia's energy markets. He was formerly an Associate Director at Marsden Jacob Associates, where he led the 2023 Electricity Supply and Reliability Check Up for the NSW Government. In the period 2018 to 2020 he was a senior energy official in the NSW Department of Planning Industry and Environment, the period in which the NSW Electricity Infrastructure Roadmap was legislated.

Cameron previously served on the boards of Aurora Energy and Mojo Power and the Advisory Board of Infradebt Pty Ltd. From 2006 to 2015 he was the Chief Executive of the Energy Retailers Association of Australia. A Fulbright Scholar and qualified company director, he currently serves on the Board of Relationships Australia NSW.



David Borger

David is the Executive Director of Business Western Sydney and a former NSW Minister for Housing, Roads and Western Sydney, as well as Assistant Minister for Transport and Roads. He has extensive experience across both the public and private sectors, with a strong track record in infrastructure delivery and policy development. He also offers deep expertise in governance developed through his service on a wide range of boards and advisory committees.

David currently serves as a Director of Think Planners, Independent Chair of the Liverpool Innovation Precinct, Non-Executive Director of the NRMA, Advisory Board Member for the Sydney Olympic Park Authority and President of the Board of Trustees at the Powerhouse.

Helen Conway

Helen is a lawyer and business leader with over 30 years' experience spanning legal practice, as both a law firm partner and an in-house counsel, and executive and board roles across the corporate, public and not-for-profit sectors. She has worked in several industries including financial services, energy, education and social services.

Known for her strong commitment to equity, fairness and community service, Helen has held leadership positions such as Judicial Head of NSW's Equal Opportunity Tribunal and the Director of the Federal Government's Workplace Gender Equality Agency.

She is currently the Chair of KU Children's Services, Australian Business Volunteers, Mary's House Services and Chief Executive Women and a Non-executive Director of Youth Off The Streets.





Michael Cummings

Michael is a seasoned infrastructure executive with more than 34 years of international experience spanning strategic leadership, operations, investment, and governance. He has held senior executive roles in publicly listed and private companies across the energy, healthcare, and transport sectors. Most recently, Michael served as Co-Head of Infrastructure at Dexus and previously worked at AMP Capital, Brookfield, Vector (NZ) and British Gas. He is currently an Independent Specialist Advisor to NSW TCorp, and a Director of the Australia & New Zealand Academy of Eating Disorders.

His past directorships include Endeavour Energy, Powerco (NZ), Melbourne Airport, Opal Aged Care, WA Gas Networks, Natural Gas Pipeline Limited (US). He has also been chair to a range of companies, including Evergen, TasGas Networks, Cross Sound Cable (US) and IEG (UK).

Michael is a Fellow Member of the Australian Institute of Company Directors and a Chartered Member of Engineering New Zealand.

Sharon Eacott

Sharon has over 25 years of experience as a commercial lawyer, executive and independent consultant in the energy and infrastructure sectors in Australia, Asia, and the Middle East. She has held senior roles in both the public and private sectors and brings strong legal expertise, having served as a partner at a leading international commercial law firm and as General Counsel at Alinta Energy.

Sharon offers significant capability in governance, probity and risk management, mergers and acquisitions, joint ventures, project finance, and construction. Most recently, she was General Manager of Governance & Risk at AEMO Services and played a key role in the establishment of the NSW Government Electricity Infrastructure Roadmap and the Commonwealth Government Capacity Investment Scheme.

She is currently a non-executive director at Coeliac Australia. Her past board roles include Australian Data Risk Management, the Centre for Legal Innovation and the College of Law Western Australia.





Katerina Kimmorley

Katerina is a Commissioner on the NSW Net Zero Commission and a recognised leader in renewable energy finance and commercial strategy. She has deep expertise in accelerating investment into emerging clean technologies and infrastructure.

Her career spans roles at the Clean Energy Finance Corporation, QIC Global Infrastructure, and as co-founder of the social enterprise Pollinate Energy. Most recently, she served as Head of Commercial & Investments at Boundless Earth.

Katerina has been named one of the Australian Financial Review's 100 Women of Influence, the London School of Economics Entrepreneur of the Year, and a recipient of the Prince of Wales Young Sustainability Entrepreneur Prize.

Daniel Papps

Daniel is an expert in employment and industrial relations law, workplace health and safety, and corporate governance. He has engaged in employment negotiations in the energy sector with Ausgrid, Transgrid, Essential Energy and Endeavour Energy, and regularly appears before state and federal industrial tribunals on workplace matters.

He serves as the primary legal adviser at the United Services Union, supporting a membership of more than 30,000. He is currently a Trustee Director of Legal Super.



Board committees

To support its effectiveness in providing guidance, direction and oversight of management, the Board has established the following committees.

Board Audit and Risk Committee (BARC)

The objective of the committee is to provide independent assistance to the ESC Board by monitoring, reviewing and providing advice about the ESC's governance processes, risk management and control frameworks and its external accountability obligations. *The Committee Charter* reflects the model charter from *TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector* (GGS).

Board Nomination and Remuneration Committee (BNRC)

The objective of the committee is to assist the Board in fulfilling its responsibilities by reviewing, advising and making recommendations on Board and CEO nominations; Board performance and evaluation; remuneration; and ensuring succession plans are appropriate for the Board, CEO and key leadership team members.

Table 10: Number of Board and committee meetings attended by Board members during FY26

	Board	BARC	BNRC
Total no. of meetings	13	6	3
Cameron O'Reilly	13	-	3
David Borger	12	-	-
Helen Conway	12	6	3
Michael Cummings	12	6	3
Sharon Eacott	13	6	3
Katerina Kimmorley	13	-	-
Daniel Papps	9	-	3

Consultants

Table 11: Consultant engagements costing more than $50,000 between 1 July 2025 and 30 June 2026

Consultant	Cost ($)	Nature
Deloitte Touche Tohmatsu	$106,603	Accounting policy and sector classification advice.

International travel

Table 12: International travel during FY26

Travel date	Purpose and countries	Operational area	Number of employees
November 2025	Attendance at the Conference of the Parties (COP30) in Brazil	Chief Executive	1

Personnel services

Prior to the ESC employing its own staff during 2025-26, certain interim staff were employed by NSW DCCEEW on temporary contracts or temporary assignments. The costs of these personnel have been charged to the ESC and are reflected in the ESC's financial statements.

Legislation administered by the ESC

The ESC does not administer any legislation.

Legislative changes in FY26

In FY26, there were no legislative changes affecting areas of the ESC's business.

Governance

Privacy and Personal Information Protection Act 1998 (PPIP Act)

The ESC has operational arrangements in place to comply with the *Privacy and Personal Information Protection Act 1998* (PPIP Act), DCCEEW's *Privacy Management Plan* (PMP) and *Data Breach Policy*. There have been no internal reviews conducted by, or on behalf of the ESC under Part 5 of the PPIP Act during the year.

Government Information (Public Access) *Act 2009* (NSW)

The ESC provides certain information to the public under the *Government Information* (Public Access) *Act 2009* (GIPA Act) and publishes an agency information guide in accordance with the Act. There have been no access applications received by the ESC during the reporting year.

Risk management and insurance activities

Section 29(1)(c) of the ESC Act requires the Board to formulate written policies with respect to risk management for the ESC investments and the ESC itself. The Board has formulated the ESC appetite for risk in the *Risk Appetite Statement* set out in ESC's published *Investment and Risk Policies* to define the risk boundaries for the ESC in pursuit of its objectives.

As a prudent investor, the ESC is conscious that return does not come without risk. An investment strategy that is too risk averse would not allow the ESC to fulfil its statutory objective and public policy purpose. On the other hand, an approach that is too tolerant of investment risk could lead to higher than acceptable capital losses.

The ESC operates under a sound enterprise *Risk Management Framework* designed to identify and effectively manage risk. The *Risk Management Framework* focuses on 6 pillars of risk management activity, to ensure a holistic approach to risk management on an enterprise basis and across all business disciplines.

The 6 pillars of risk management activity applicable to the ESC business are:

1. Strategic
2. Investment
3. Financial
4. Operational and people
5. Regulatory and compliance
6. Reputation.

These functional pillars work progressively and collectively to identify and manage risks. They thereby reduce the effects of uncertainty on objectives, in accordance with the *International Standard on Risk Management*, known as ISO 31000:2018. In combination, these activities and the underlying supporting policies, procedures and documentation form the ESC *Risk Management Framework*.

Insurance

The ESC is insured under the *Treasury Managed Fund*. We have insurance arrangements for assets and major risks, including property, liability, motor vehicles, workers compensation, and miscellaneous. During the year there were no insurance claims.

FY26 internal audit and risk management attestation statement

Energy Security Corporation

On behalf of the Board, as the Accountable Authority, I, Cameron O'Reilly, Chair of the Board, am of the opinion that the Energy Security Corporation has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the 7 Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector* (TPP20-08), specifically:

Table 13: Internal audit and risk management processes

Core requirements		Compliant, non-compliant or in transition
Risk management framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	Compliant
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal audit function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	In transition
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	In transition
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	Compliant
Board Audit and Risk Committee (BARC)		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Board Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	Compliant
3.2	The Accountable Authority shall ensure the Board Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	Compliant

Membership

The independent chair and members of the BARC are:

- Sharon Eacott, Independent Chair
- Helen Conway, Independent Member
- Michael Cummings, Independent Member

The BARC independent chair and members were appointed on 18 August 2025, and their term ends on 1 June 2028.

Departures from core requirements

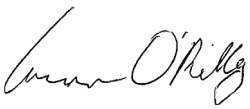
On behalf of the Board, as the Accountable Authority, I, Cameron O'Reilly, Chair of the Board, advise that the internal audit and risk management processes for the Energy Security Corporation depart from the following core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector* (TPP20-08):

1. The departure from the core requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Table 14: Departures from core requirements

Core requirements	Departure	Reasons for departure and description of practicable alternative measures being implemented
2.1 and 2.2	In transition	As at 30 June 2026, establishment of the internal audit function was not completed due to loss of a key person. ESC has a plan in place to fully establish the internal audit function by December 2026 and within the 12 month transition period allowed for newly listed agencies.

Signed in accordance with a resolution of the Governing Board of the Statutory Body.



Cameron O'Reilly, Chair of the Board
22 October 2026

Agency contact officer

Laurence Street, General Counsel and Chief Risk Officer
laurence.street@escorp.com.au

Sustainability

05



Image: © DCCEEW / Matt Beaver

Sustainability

Disability inclusion action plans

NSW DCCEEW provides some human resources services to the ESC under a *Service Partnership Agreement.* The ESC is committed to NSW DCCEEW's *Diversity and Inclusion Strategy*, including the *Disability Inclusion Action Plan*. The ESC will continue to work closely with NSW DCCEEW to enhance workforce diversity.

Workforce diversity

Table 15: Workforce diversity relative to 14 employees in FY26

Workforce diversity group	FY26
Women	6
First Nations people	0
People whose first language spoken as a child is not English	2
People with disability	0
People with disability requiring work related adjustments	0

Modern Slavery Act 2018

There were no operational issues raised by the Anti-slavery Commissioner during the financial year concerning the operations of the ESC.

As per the ESC's published *Investment and Risk Policies*, the ESC conducted modern slavery due diligence on each investment counterparty.

The ESC follows the *NSW Government Procurement Policy Framework* and did not conduct any tenders during the financial year. ESC's procurement of professional services was deemed to not contain an inherent modern slavery risk.

Work health and safety

During FY26, the ESC operated under NSW DCCEEW's work health and safety (WHS) policies, procedures and arrangements, as we did in the previous year.

During FY26, there were:

- no prosecutions under the *Work Health and Safety Act 2011* (WHS Act)
- no notifiable incidents to SafeWork NSW under the WHS Act
- no reportable worker's compensation claims.

The same outcomes were recorded in FY25.

Financial performance



Image: © DCCEEW / Matt Beaver

Financial performance

Summary of financial performance

During FY26, the ESC progressed from establishment to delivery, commencing its investment activities and launching the Home Energy Saver loan program. The first core investment reached financial close in June 2026, with an initial drawdown of $25 million against a total facility commitment of $100 million. In addition, Home Energy Saver loans were announced on 17 June 2026, resulting in the execution of 2 finance agreements with program partners and commitments of $100 million across 2 commercial financial institutions.

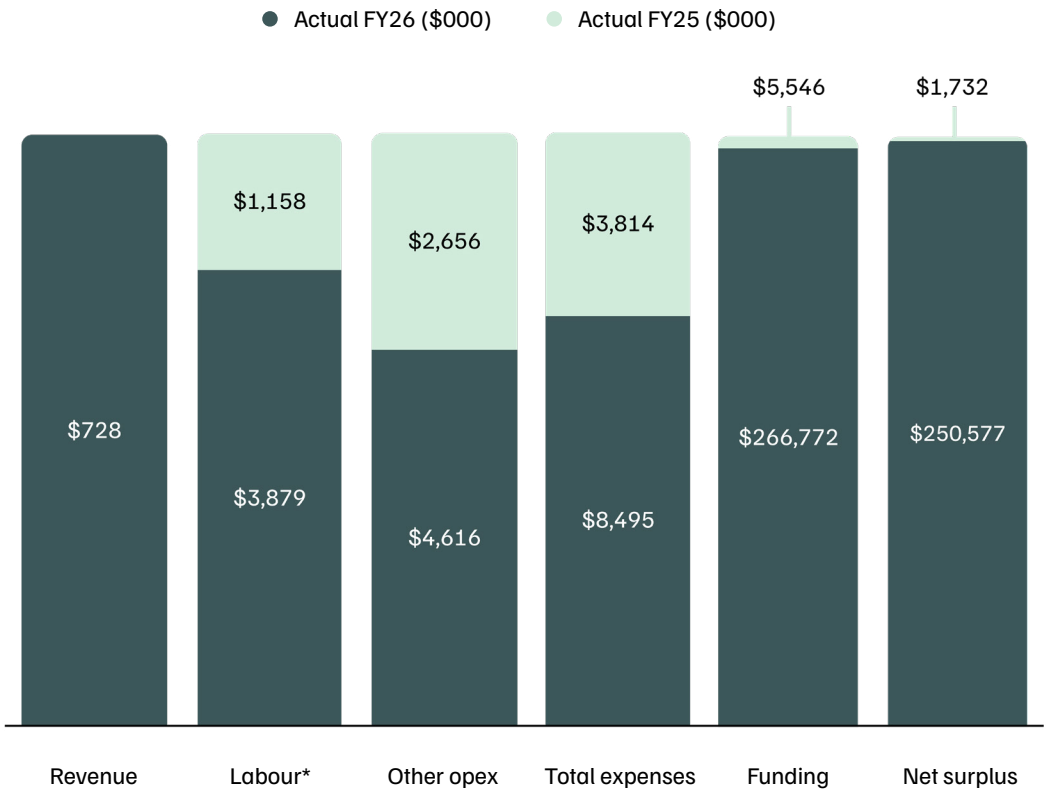
Total funding received during the year amounted to $263.8 million, comprising $250 million for general portfolio investment activities and expenses, and $13.8 million for Home Energy Saver loans and expenses.

In addition to current-year funding, the ESC utilised a $3 million funding carryover from FY25 and secured approval to carry forward $150 million of unspent investment funding into FY27.

Financial performance compared with previous year

Net result

Figure 3: Net result of financial performance compared with previous year

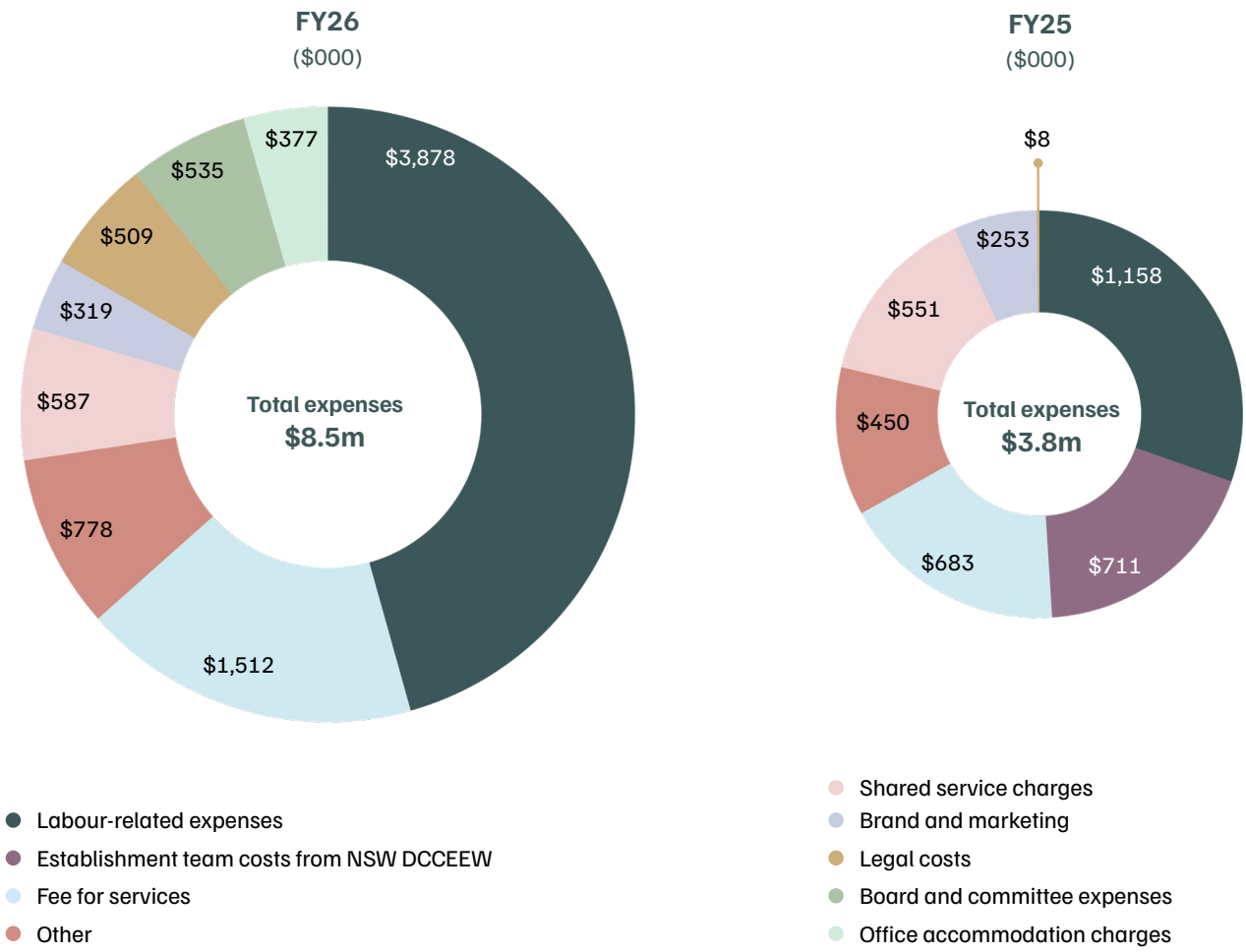


*Labour: includes employee expenses, personnel services, and contingent workers.

The ESC reported a net surplus of $250.6 million in FY26, compared with $1.7 million in FY25. The increase was primarily driven by substantial funding received to support investment activities and the Home Energy Saver loan program, which will accelerate in FY27.

Expenditure

Figure 4: Total expenditure compared with previous year



Total expenditure increased to $8.5 million in FY26 from $3.8 million in FY25 (Figure 4). The growth was primarily driven by higher labour-related costs and professional service fees, reflecting workforce expansion, investment readiness activities and the establishment and delivery of new programs, including the Home Energy Saver loan program.

Revenue

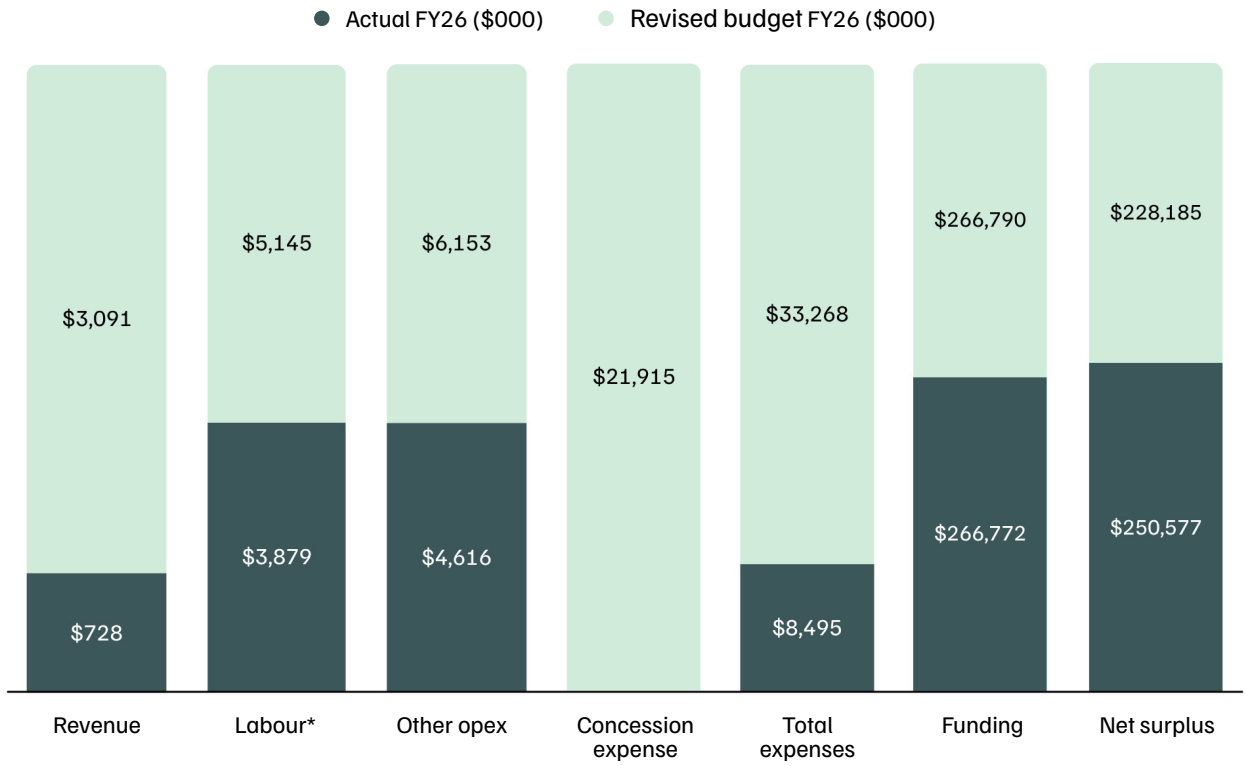
Revenue was generated from investment establishment fees, commitment fees, and accrued interest from the initial $25 million drawdown under the $100 million investment facility. While investment income was below forecast due to the later timing of investment deployment, revenue generation has now commenced and is expected to increase as additional investments are executed and funds are drawn down.

Financial performance against revised budget

Revised budget reflects changes approved during the year, including carry forward and the incorporation of the Home Energy Saver loan program budget. Refer to Note 11 of the *Financial Statements* for comparison between actuals and the original budget. Figure 5 shows the net result of financial performance compared to the revised budget.

Net result

Figure 5: Net result of financial performance against revised budget



*Labour: includes employee expenses, personnel services, and contingent workers

The ESC achieved a net surplus of $250.6 million, exceeding the revised budgeted surplus of $228.2 million by $22.4 million. The variance was largely due to investment activities progressing later than anticipated, resulting in lower expenditure during the year and the deferral of planned spending into 2026-27.

Expenditure

Total expenditure for the year was $8.5 million, substantially below the revised budget of $33.2 million. The variance was largely attributable to the timing of investment deployment, resulting in lower investment-related expenditure during the year. Employee and operating costs also remained below revised budget as program implementation activities were progressively undertaken throughout the year.

Key insight

The 2025-26 financial result reflects the ESC's transition from establishment to delivery. While funding was received substantially as planned, the timing of investment execution and program implementation influenced expenditure and revenue recognition relative to budget expectations. The resulting surplus primarily reflects timing differences between funding receipts and the deployment of investment capital, positioning the ESC to expand investment activity and program delivery in 2026-27.

Energy Security Corporation

Financial Statements

for the year ended 30 June 2026

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Energy Security Corporation

Statement by the accountable authority

For the year ended 30 June 2026

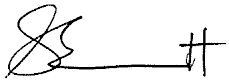
Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, we state on behalf of the Board of Energy Security Corporation that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the *Government Sector Finance Act 2018*, the Government Sector Finance Regulation 2024, and the Treasurer's directions, and
- present fairly the Energy Security Corporation's financial position, financial performance, and cash flows.



Signed……..

Cameron O'Reilly
Chair
Date: 22 October 2026



Signed…….

Sharon Eacott
Director
Date: 22 October 2026

Energy Security Corporation
Statement of comprehensive income for the year ended 30 June 2026

	Notes	CONSOLIDATED AND PARENT Budget 2026 $'000	Actual 2026 $'000	Actual 2025 $'000
Continuing operations				
Expenses excluding losses				
Employee related expenses	2(a)	4,275	687	-
Operating expenses	2(b)	6,626	7,808	3,814
Depreciation and amortisation		55	-	-
Finance costs		43,197	-	-
Total expenses excluding losses		**54,153**	**8,495**	**3,814**
Revenue				
Transfers to the Crown	3(a)	(8,428)	(8,428)	-
Grants and contributions	3(b)	402,972	266,772	5,546
Interest and loan fee revenue	3(c)	15,518	728	-
Total revenue		**410,062**	**259,072**	**5,546**
Operating result		**355,909**	**250,577**	**1,732**
Net result		**355,909**	**250,577**	**1,732**
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income		**355,909**	**250,577**	**1,732**

The accompanying notes form part of these financial statements.

Energy Security Corporation
Statement of financial position as at 30 June 2026

	Notes	CONSOLIDATED AND PARENT Budget 2026 $'000	Actual 2026 $'000	Actual 2025 $'000
ASSETS				
Current assets				
Cash and cash equivalents	4	117,306	229,101	5,546
Receivables	5	-	642	22
Other financial assets		11,758	-	-
Total current assets		**129,064**	**229,743**	**5,568**
Non-current assets				
Right of use assets		42	-	-
Other financial assets	6	-	24,990	-
Financial assets at fair value		226,803	-	-
Total non-current assets		**226,845**	**24,990**	**-**
Total assets		**355,909**	**254,733**	**5,568**
LIABILITIES				
Current liabilities				
Payables	7	-	2,278	3,836
Provisions	8	-	146	-
Total current liabilities		**-**	**2,424**	**3,836**
Total liabilities		**-**	**2,424**	**3,836**
Net assets		**355,909**	**252,309**	**1,732**
EQUITY				
Accumulated funds		355,909	252,309	1,732
Total equity		**355,909**	**252,309**	**1,732**

The accompanying notes form part of these financial statements.

Energy Security Corporation
Statement of changes in equity for the year ended 30 June 2026

CONSOLIDATED AND PARENT	Accumulated funds $'000	Total equity $'000
Balance at 1 July 2025	**1,732**	**1,732**
Net result for the year	250,577	250,577
Balance at 30 June 2026	**252,309**	**252,309**
Balance at 1 July 2024	**-**	**-**
Net result for the year	1,732	1,732
Balance at 30 June 2025	**1,732**	**1,732**

The accompanying notes form part of these financial statements.

Energy Security Corporation
Statements of cash flows for the year ended 30 June 2026

	Notes	CONSOLIDATED AND PARENT Budget 2026 $'000	Actual 2026 $'000	Actual 2025 $'000
Cash flows from operating activities				
Payments				
Employee and personnel related		(4,275)	(3,094)	-
Other payments		(5,197)	(7,409)	-
Total payments		**(9,472)**	**(10,503)**	**-**
Receipts				
Grants and contributions		402,972	266,772	5,546
Transfer to the Crown - repayment of funding		(8,428)	(8,428)	-
Other		902	14	-
Total receipts		**395,446**	**258,358**	**5,546**
Net cash flows from operating activities	12	**385,974**	**247,855**	**5,546**
Cash flows from investing activities				
Interest and loan fee revenue		-	700	-
Purchase of property, plant and equipment		(97)	-	-
Purchase of other debt securities		(70,000)	-	-
Advances made		(198,571)	(25,000)	-
Net cash flows from investing activities		**(268,668)**	**(24,300)**	**-**
Net increase / (decrease) in cash and cash equivalents		**117,306**	**223,555**	**5,546**
Cash and cash equivalents at the beginning of the reporting period		-	5,546	-
Cash and cash equivalents at the end of the reporting period	4	**117,306**	**229,101**	**5,546**

The accompanying notes form part of these financial statements.

1. Summary of material accounting policy information

(a) Reporting entity

Energy Security Corporation (the Corporation) is a reporting entity established under the Energy Security Corporation Act 2024 (the Act). The Corporation is a NSW government statutory body representing the Crown and is subject to the control of the Minister of Energy and the Minister of Climate Change and the State of NSW is the ultimate parent. It is a not-for-profit entity as profit is not its principal objective, and it has no cash generating units.

Under the Act, the Board exercises the functions of the Corporation. The objectives of the Corporation are to accelerate private sector investments in clean energy projects in New South Wales that improve the reliability, security and sustainability of electricity supply, to support New South Wales to achieve its targets for reducing net greenhouse gas emissions under the *Climate Change* (Net Zero Future) *Act 2023*, complement other Government initiatives relating to clean energy technologies and partner with the private sector to finance clean energy technologies to achieve a government-mandated rate of return through a portfolio approach.

A Special Deposits Account (SDA) called the Energy Securities Corporation Fund (ESC Fund), has been established, where funding has been transferred from the Restart NSW Fund into the ESC Fund. The ESC Fund is managed and is under the control of the Treasurer and the Minister and has not been recognised in the books of the Corporation. Funds in the ESC Fund are invested in the NSW government OneFund.

An Energy Securities Corporation Operational Fund (Operational Fund) has also been established in the Special Deposits Account and is managed by the Board. Funds are paid out of the ESC Fund into the Operational Fund to meet expenditure incurred by the Corporation in the exercise of its functions including investments, administration expenses and remuneration and allowances.

During the year, the Corporation started employing its own staff under Part 2, section 9 of the Act. Prior to this ESC's interim staff were employed by the Department of Climate Change, Energy, Environment and Water (DCCEEW) and costs have been recovered via personnel services arrangement. Corporate and shared services were also provided by DCCEEW.

The Corporation, as a reporting entity comprises of the Energy Security Corporation and the two Home Energy Saver Loan Program (HESLP) trusts that will be consolidated for reporting purposes. The trusts were established in June 2026. No transactions have occurred this financial year in these trust entities and consequently financial numbers have been presented as parent and consolidated only.

The financial statements for the period ended 30 June 2026 have been authorised for issue by the Chair and a Director of the Corporation on the date the accompanying Statement by the Accountable Authority was signed.

Home Saver Energy Loan Program (HESLP)

The Corporation is managing the delivery of the NSW Government's Home Energy Saver Loan Program (HESLP) announced on 16 June 2026. HESLP will allow eligible residential households to access finance at no interest and no fees to install energy saving technologies in their homes. The trusts will enter into loan agreements with commercial Finance companies to issue the loans to households in accordance with agreed lending criteria. To date $100m has been committed to these commercial financial companies.

(b) Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations).
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)*; and
- the Treasurer's Directions issued under the *GSF Act*

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

Certain financial assets and liabilities are measured using the amortised cost method. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation's presentation and functional currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that the:

- amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense, and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Comparative Information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed for the previous year for all amounts reported in the financial statements. Where applicable comparative figures have been reclassified to reflect current year reporting.

(f) Changes in accounting policies, including new or revised Australian Accounting Standards

(i) Effective for the first time in financial year 2025-26

The accounting policies applied in 2025-26 are consistent with those of the previous year. There has been no material impact on the financial statements as a result of any new or revised Australian Accounting Standards that came into effect this year.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards unless the Treasury determines otherwise. The Corporation has assessed the impact of the new standards and interpretations issued but not yet effective, and considers the impact to be immaterial in future years with the exception of AASB 18, *Presentation and Disclosure of Financial Statements* (AASB 18).

AASB 18 will replace AASB 101 *Presentation of Financial Statements*. AASB 18 sets out requirements for the presentation and disclosure of information in the financial statements. The Corporation will undertake a detailed assessment of the impact of AASB 18 before it is adopted for the financial year ending 30 June 2029.

(g) Impact of Climate-related matters on financial reporting for 2025-26

Management has determined that climate-related matters did not have a material impact on the financial statements for 2025-26 given the establishment and start-up phase of operations. The Corporation will continue to monitor climate-related developments and reassess annually.

(h) Going concern

The financial statements have been prepared on a going concern basis. The Corporation can access funding to pay operating costs and will also generate returns from future investments. At the date of this report there is no reason to expect that the funding will not continue.

2. Expenses excluding losses

(a) Employee-related expenses

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Salaries and wages (including annual and sick leave)	569	-
Superannuation - defined contribution plans	58	-
Payroll tax	60	-
	687	**-**

Employee related expenses were incurred during the year, when the Corporation started employing its own staff.

(b) Operating expenses

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Personnel services expenses	2,206	888
Establishment team costs from DCCEEW	-	711
Fee for services, including professional services	1,406	635
Auditor's remuneration - audit of the financial statements	71	31
Consultants	106	48
Recruitment costs	479	397
Shared service charges	587	551
Brand and marketing	319	253
Contingent labour	985	270
Legal costs	509	8
Board and committee fees	535	-
Computers and office expenses	97	9
Office accommodation charges	377	-
Travel	56	1
Impairment of assets (Expected credit losses)	10	-
Miscellaneous expenses	65	12
	7,808	**3,814**

Personnel services expenses

Prior to ESC employing its own staff its interim staff were employed by DCCEEW, and costs of these personnel have been recovered via personnel services arrangements.

3. Revenue

(a) Transfers to the Crown

	CONSOLIDATED AND PARENT	
	2026	2025
	$'000	$'000
Return of Consolidated Fund payments	(8,428)	-
	(8,428)	**-**

The Corporation received funding from Consolidated Funds for its initial establishment activities in FY2025 which have been repaid.

(b) Grants and contributions

	CONSOLIDATED AND PARENT	
	2026	2025
	$'000	$'000
Grants without sufficiently specific performance obligations		
Funds transfer from ESC fund	250,000	-
Home Energy Saver Program	13,800	-
Other grants	2,972	5,546
	266,772	**5,546**

Recognition and measurement

Revenue from grants without sufficiently specific performance obligations is recognised when the Corporation obtains control over the granted assets (e.g. cash). This revenue is recognised in accordance with the requirements of AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058).

The Corporation is managing the NSW government's Home Energy Saver Loan Program (HESLP). The program will allow residential households to access finance at no interest and fees to install energy saving technologies in their homes. Funding for this program is received through DCCEEW.

(c) Interest and loan fee revenue

	CONSOLIDATED AND PARENT	
	2026	2025
	$'000	$'000
Interest and loan fee revenue	728	-
	728	**-**

Interest Revenue

Interest Revenue is recognised as it is earned and is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Interest and fee revenue is recognised as interest accrues using the effective interest method as set out in AASB 9 *Financial Instruments*. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Loan establishment and commitment fees

Loan establishment and commitment fee revenue comprises fees charged for the establishment of loan facilities and for providing borrowers with access to committed lending facilities. Loan establishment fees are recognised as revenue upon establishment of the relevant loan facility, while commitment fees are recognised over the period during which the lending commitment is made available to the borrower.

(d) Deemed appropriations

Section 4.7 of the GSF Act defines deemed appropriation money as government money that the Corporation (a GSF agency) receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that:

- forms part of the Consolidated Fund; and
- is not appropriated under the authority of an Act.

Under Section 38 and 45 of the Act, all moneys (except those related to HESLP) received by the Corporation and all funds paid out by the Corporation to meet investments and expenses incurred in connection with the functions of the Act flow through its special deposits accounts. ESC receives HESLP funding by way of a grant from DCCEW to fund ESC investments and related expenses.

The Corporation therefore does not have any deemed appropriations.

4. Current assets – cash and cash equivalents

	2026 $'000	2025 $'000
Cash at bank	229,101	5,546
	229,101	**5,546**

Cash and cash equivalent assets recognised in the Statement of financial position are reconciled at the end of the financial year to the Statement of cash flows as follows:

Cash and cash equivalents (per Statement of financial position)	229,101	5,546
Closing cash and cash equivalents (per Statement of cash flows)	**229,101**	**5,546**

Refer Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Restricted cash

Certain cash balances are held in separate designated bank accounts for Investments and HESLP and are restricted in their use. These funds are subject to funding agreements that limit their use to specified program activities and purposes. Accordingly, the cash balances are not available for the entity's general operating activities.

5. Current assets – receivables

	CONSOLIDATED AND PARENT	
	2026 $'000	2025 $'000
Debtors-DCCEEW	425	-
Interest receivable	28	-
GST receivable	189	22
	642	**22**

6. Current / non-current – other financial assets

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Non-current loan receivable	25,000	-
Allowance for expected credit losses*	(10)	-
	24,990	**-**

	CONSOLIDATED AND PARENT	
	2026	**2025**
***Movement in the allowance for expected credit losses**	**$'000**	**$'000**
Balance at the beginning of the year	-	-
Increase / (decrease) in allowance recognised in net results	(10)	-
Balance at the end of the year	**(10)**	**-**

Recognition and measurement

Initial recognition

The Corporation has entered into an agreement to provide a $100 million senior debt facility. The funding will support the construction of four utility-scale batteries across Sydney and Newcastle regions.

As at 30 June 2026, $25 million has been drawn down on the facility. Interest is payable to the Corporation for specified periods based on the Bank Bill Swap Bid rate plus a margin. The loan receivable has initially been measured at fair value plus any transaction costs.

Subsequent measurement – Financial assets at amortised cost
The loan receivable is classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as a separate line item in the notes. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses).

Impairment

The Corporation recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the corporation expects to receive, discounted at the original effective interest rate.

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e. a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e. a lifetime ECL). In addition, the corporation considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Corporation uses the ratings from external credit rating agencies where available or otherwise a shadow credit rating both to determine whether there has been a significant increase in credit risk on the investments and to estimate ECLs. These estimates are performed at every reporting date.

Refer to note 13 for further information regarding fair value measurement, credit risk and market risk arising from financial instruments.

7. Current liabilities – payables

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Trade payables	488	3,598
Accrued salaries, wages and on-costs	110	-
Accruals	1,680	238
	2,278	**3,836**

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 13.

Recognition and measurement
Payables represent liabilities for goods and services provided to the Corporation. They are short-term payables with no stated interest rate and are measured at the original invoice amount where the effect of discounting is immaterial.

8. Current / non-current liabilities – provisions

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Current		
Employee benefits and related on-costs		
Recreation leave	105	-
Recreation leave on-costs	41	-
Total current provisions	**146**	**-**
Total provisions	**146**	**-**
Aggregate employee benefits related on-costs		
Provision - current	146	-
Accrued salaries, wages and on-costs (Note 7)	110	-
	256	**-**

Recognition and measurement

Salaries and wages, annual leave, sick leave and paid parental leave

During the year, the Corporation started employing its own staff under Part 2, section 9 of the Act.

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

8. Current / non-current liabilities – provisions (continued)

Recognition and measurement (continued)

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Corporation has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Corporation does not expect to settle the liability within 12 months as the Corporation does not have the right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Paid parental leave provisions have not been recognized as no entitlements were payable to staff at reporting date.

Long service leave and superannuation

No long service leave provisions have been recognised as no entitlements were payable to staff at the reporting date.

The superannuation expense for the financial year is determined in accordance with statutory obligations and is calculated as a percentage of the employee's salary.

9. Commitments

Commitments represent funds committed by the Corporation to project proponents where the funds remain available but undrawn at year end.

As at 30 June 2026, the Corporation has entered into an agreement to provide a loan of up to $100 million with $25 million drawn down at 30 June 2026.

The Corporation is delivering the $480 million NSW Government's Home Energy Saver Loan Program (HESLP) announced on 16 June 2026. HESLP will, through zero interest and zero fee loans, help households invest in energy saving home upgrades to minimise electricity costs. At 30 June 2026, $100 million has been committed to program partners.

The Corporation has no capital commitments as at 30 June 2026 (2025: nil).

10. Contingent liabilities and contingent assets

The Corporation has no known contingent liabilities or contingent assets as at 30 June 2026 (2025: nil).

11. Budget review

The budgeted amounts are drawn from the original budget financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below.

Net result: Actual net result of $250.5 million against a budget of $355.9 million, resulting in a negative variance of $105.3 million, as set out below:

Expenses
Actual expenses were $45.6 million lower than budget, primarily driven by lower concessional loan charges due to no concessional loans in the period and the timing of investment activities.

Revenue
Actual revenue was $150.9 million lower than budget, largely attributable to $14.7 million lower interest and fee revenue and $136.2 million lower Grants and Contributions reflecting the deferral of drawdowns. Funding of $150 million has been carried forward to the following year.

Net Assets: Actual net assets of $252.3 million compared with a budget of $355.9 million, representing a variance of $103.6 million below budget. This is due to lower financial assets of $213.6 million, reflecting the timing of investment activities and resultant lower funding drawdowns of $150 million, as well as no concessional loans during the period, but higher cash at bank of $111.8 million drawn ahead of investment deployment.

Cash flows: Closing Cash and Cash Equivalents were $229.1 million compared with a budget of $117.3 million, resulting in a positive variance of $111.8 million. This was mainly due to lower cash drawdowns overall in line with lower investments and cash being drawn down ahead of investment deployments.

12. Reconciliation of cash flows from operating activities to net result

	CONSOLIDATED AND PARENT	
	2026	2025
	$'000	$'000
Net cash from operating activities	**247,855**	**5,546**
Investment revenue	728	-
Allowance for impairment	(10)	-
Increase / (decrease) in receivables	592	22
Decrease / (increase) in payables	1,558	(3,836)
Decrease / (increase) in provisions	(146)	-
Net result	**250,577**	**1,732**

13. Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations. The Corporation does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies, and processes for measuring and managing risks. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board of the Corporation is the Accountable Authority and sets and oversees the relevant investment and risk management policies, while the Chief Executive Officer has the day-to-day responsibility for the implementation of risk management activities. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Corporation on a continuous basis.

(a) Financial instrument categories

			CONSOLIDATED AND PARENT	
			Carrying Amount	
			2026	2025
Class:	**Note**	**Category**	**$'000**	**$'000**
Financial assets				
Cash and cash equivalents	4	Amortised cost	229,101	5,546
Trade and other receivables[1]	5	Amortised cost	453	-
Other financial assets	6	Amortised cost	24,990	-
Financial liabilities				
Payables[2]	7	Amortised cost	2,168	3,836

1. Receivables excludes statutory receivables and prepayments, not within the scope of AASB 7.
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

The Corporation determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

13. Financial instruments (continued)

(b) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

The Corporation's financial assets exposed to credit risk comprise cash and cash equivalents, other receivables, and loan receivables.

Cash and cash equivalents

Credit risk associated with the Corporation's cash is considered low as these balances are held within the NSW Treasury banking system.

Receivables - other debtors

Collectability of other receivables are reviewed on an ongoing basis. The Corporation has a receivable balance from the DCCEEW and other government entities which is considered to be minimal risk.

Loan receivables

The Corporation is required to ascertain the extent to which its loans and other debt securities held at amortised cost are likely to be recoverable. Given the risk position that may be assumed by the Corporation in its various loans (e.g. senior debt, unsecured debt, subordinated or mezzanine debt, longer terms, policy risk in relation to the renewable energy targets, electricity price volatility, etc) it is considered possible that the Corporation will not fully recover 100% of the principal relating to all the loans it makes. A specific impairment provision is raised where the Corporation has identified individual loans that are not expected to be fully recoverable at the reporting date.

The Corporation manages its credit risk on loans it extends by undertaking background and credit checks prior to allowing a debtor relationship. The Corporation may obtain collateral if deemed necessary, upon extension of credit and will be based on Management's credit evaluation of the counterparty. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on Management’s credit evaluation of the counterparty. The Corporation monitors exposures to counterparties and has set exposure limits for each counterparty.

At 30 June 2026, the Corporation had a loan receivable of $25.0 million (2025: nil) relating to the first drawdown under a $100 million facility. The loan was not past due and there had been no defaults, covenant breaches or other indicators of a significant increase in credit risk since initial recognition. Accordingly, the loan continues to be classified as Stage 1 under the AASB 9 expected credit loss model. In accordance with AASB 9, a 12-month expected credit loss allowance of $10,000 has been recognised, notwithstanding that there has been no significant increase in credit risk since initial recognition.

13. Financial instruments (continued)

(b) Financial risks (continued)

Credit quality of financial instruments not past due or individually determined as impaired:

		CONSOLIDATED AND PARENT			CONSOLIDATED AND PARENT		
		Not past due nor impaired	Past due or impaired	Total	Not past due nor impaired	Past due or impaired	Total
Credit quality of financial instruments not past due or individually determined as impaired	**Note**	**2026 $'000**	**2026 $'000**	**2026 $'000**	**2025 $'000**	**2025 $'000**	**2025 $'000**
Cash and cash equivalents	4	229,101	-	229,101	5,546	-	5,546
Other receivables	5	453	-	453	-	-	-
Financial assets at:							
Amortised cost:							
Non-current loan receivable	6	24,990	-	24,990	-	-	-
Total financial assets		**254,544**	**-**	**254,544**	**5,546**	**-**	**5,546**
Total credit risk exposure		**254,544**	**-**	**254,544**	**5,546**	**-**	**5,546**

The Corporation is a beneficiary of security established for each investment made during the financial year.

The Corporation has not granted any financial guarantees.

(ii) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation monitors future cash flows and ensures adequate funding is held on hand to meet its future obligations.

During the current and prior year, there were no defaults. The Corporation did not enter into any borrowings and no assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risks.

Liquidity risk also relates to committed but undrawn loan facility agreements. The Corporation will meet these commitments by holding sufficient cash on hand or access to cash through a support arrangement with government.

13. Financial instruments (continued)

(b) Financial risks (continued)

(ii) Liquidity risk (continued)

The table below summarises the maturity profile of the Corporation's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate %	Nominal Amount $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-interest bearing $'000	< 1 year $'000	1 to 5 years $'000	> 5 years $'000
2026 CONSOLIDATED AND PARENT								
Payables	N/A	2,168	-	-	2,168	2,168	-	-
		2,168	-	-	2,168	2,168	-	-
2025 CONSOLIDATED AND PARENT								
Payables	N/A	3,836	-	-	3,836	3,836	-	-
		3,836	-	-	3,836	3,836	-	-

The amounts disclosed here exclude statutory payables and unearned revenue (not within scope of AASB 7).

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation's exposure to market risk is primarily through interest rate risk on its loan. The Corporation has no exposure to foreign currency risk nor does it enter into commodity contracts.

As part of its normal operations in the future, the Corporation may enter into a variety of transactions including loans, guarantees and equity and trust investments, which may have exposure to market risk. Investment carrying values and revenue earned may be impacted as a result of changes in GDP growth rate, interest rates, electricity prices and foreign exchange rates. The Corporation does not enter into derivative instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has no exposure to interest rate risk on its bank accounts as it does not earn interest on these bank balances.

The Corporation is involved in lending and therefore its revenues and the carrying value of its investments will be exposed to changes in interest rates. The Corporation has committed to a $100 million loan facility to a third party. To date, this loan facility is currently drawndown by $25 million. Interest is payable to the Corporation periodically based on the Bank Bill Swap Bid rate plus a margin.

As a reasonably possible change of +/-100 basis points (bps) is used to illustrate exposure, consistent with current trends in interest rates (noting the official RBA interest rate volatility over the last five years has been higher). The basis will be amended where there is a structural change in the level of interest rate volatility.

13. Financial instruments (continued)

(b) Financial risks (continued)

Interest rate risk (continued)

The Corporation's exposure to interest rate risk is set out below.

Energy Security Corporation	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	1% Profit $'000	1% Equity $'000
2026					
Financial assets					
Loans and advances	24,990	(250)	(250)	250	250
2025					
Financial assets					
Loans and advances	-	-	-	-	-

14. Related party disclosure

(a) Key management personnel compensation

Key management personnel for the Corporation comprises the Board, Chief Executive Officer, Chief Finance & Operations Officer and General Counsel & Chief Risk Officer, Director Marketing and Communications.

	CONSOLIDATED AND PARENT	
	2026	**2025**
	$'000	**$'000**
Short-term employee benefits		
Salaries	1,382	202
Board fees	535	-
Total Remuneration	**1,917**	**202**

*The Board was appointed on 24 June 2025 while the Chief Executive Officer was initially appointed on 4 December 2024 therefore the renumeration for the key management personnel is not comparable between the two years.

During the year, the Corporation did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

(b) Transactions with related parties

During the year, the Corporation entered into transactions with other entities that were either controlled, jointly controlled or significantly influenced by NSW Government. These transactions (incurred in the normal course of business), in aggregate, are a significant portion of the Corporation's revenue and expenses, and the nature of these material transactions are detailed below:

Entity	**Nature of Transaction**
Department of Climate Change, Energy, the Environment and Water	Provision of personnel services and shared services. Refer to note 2(b) Grants funding received including for HESLP Program. Refer to note 3(b) Outstanding amounts receivable from the Department Refer to note 5
Treasury NSW	Return of consolidated fund payments. Refer to note 3(a)
Ausgrid Finance Pty Ltd (The NSW Government holds a 49.6% interest in Ausgrid, and it is considered an associate by the state for reporting purposes)	Senior debt loan facility commitment up to $100 million.

15. Events after reporting period

There are no known events occurring after balance date that would impact on the state of the Corporation or have a material impact on the financial statements.

End of audited financial statements.

INDEPENDENT AUDITOR'S REPORT

Energy Security Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Energy Security Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2026, the Statement of Financial Position as at 30 June 2026, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the Government Sector Finance Regulation 2024 (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other information

The Corporation's annual reporting information for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the annual report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's responsibilities for the financial statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Hugh Wilson
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

23 October 2026
SYDNEY

Machinery of Government changes – costs and benefits

The ESC was not the subject of any Machinery of Government changes, and did not incur any costs.

Appendices

Compliance index

Compliance requirement	Source of requirement	Completed	Page
Acknowledgement of Country	TPG25-10a	Yes	2
Letter of submission	TPG25-10a	Yes	3
Overview			
Purpose, vision and values	TPG25-10a	Yes	10
Enabling legislation	TPG25-10a	Yes	10
Structure	TPG25-10a	Yes	12
Principal officers	TPG25-10a	Yes	12, 13
Functions and services	TPG25-10a	Yes	11
Controlled entities and subsidiaries, other related agencies	TPG25-10a	Yes	14
Consolidated/combined group	TPG25-10a	N/A	N/A
Extensions	TPG25-10a	Yes	14
Exemptions	TPG25-10a	Yes	14
Strategy			
Strategic objectives and outcomes	TPG25-10a	Yes	17
Current and future strategic plans	TPG25-10a	Yes	18
Measuring progress	TPG25-10a	Yes	20
Strategic resource allocation	TPG25-10a	Yes	21
Operations and performance			
Key products and services	TPG25-10a	Yes	25, 27
Service delivery models	TPG25-10a	Yes	25, 27

Compliance requirement	Source of requirement	Completed	Page
Summary of programs and operations	TPG25-10a	Yes	23
Performance metrics regarding outcomes	TPG25-10a	Yes	29
Factors affecting achievement of operational objectives	TPG25-10a	Yes	25, 27
Use of technology	TPG25-10a	Yes	31
Innovation and improvement	TPG25-10a	Yes	31
Infrastructure program	TPG25-10a	Yes	31
Events arising after the reporting period	TPG25-10a	Yes	25
IPART determination	Section 18(4) of the IPART Act	Yes	31
Management and accountability			
Senior executives	TPG25-10a	Yes	34
Boards and committees	TPG25-10a	Yes	36, 40
People	TPG25-10a	Yes	34
Consultants	TPG25-10a	Yes	40
International travel	TPG25-10a	Yes	41
Personnel services	TPG25-10a	Yes	41
Legislation administered	TPG25-10a	Yes	41
Legislative changes	TPG25-10a	Yes	41
PPIP Act requirements	TPG25-10a	Yes	41
GIPA Act requirements	Section 125(4),(6) of the GIPA Act	Yes	41
Risk management and insurance	TPG25-10a	Yes	42
Internal audit and risk management policy attestation	TPP20-08	Yes	43

Compliance requirement	Source of requirement	Completed	Page
Sustainability			
Climate-related financial disclosures	TPG25-10a, TPG24-33	N/A	N/A
Disability inclusion action plans	*Disability Inclusion Act 2014*	Yes	46
Modern Slavery Act 2018 requirements	*Modern Slavery Act 2018*	Yes	46
Work health and safety	TPG25-10a	Yes	46
Workforce diversity	TPG25-10a, PSCC 2014-09	Yes	46
Financial performance			
Summary of financial performance	TPG25-10a	Yes	48
Annual GSF financial statements	TPG25-10a	Yes	51
Controlled entities financial statements	TPG25-10a	N/A	N/A
Audit report	TPG25-10a	Yes	73
Start and finish of audited financial information	TPG25-10a	Yes	72
Machinery of government changes	TPG25-10a	Yes	75

Compliance with the *Energy Security Corporation Act 2024*

Energy Security Corporation Act 2024			
Compliance requirement	**Source of requirement**	**Completed**	**Page**
Investment report	ESC Act 52	Yes	24
Value of investments by technology type	ESC Act 54 (1) (a)	Yes	24
Realisation of investments	ESC Act 54 (1) (b)	Yes	24
Remuneration and allowances of Board members, CEO and senior members	ESC Act 54 (1) (c)	Yes	35
Benchmarked operating costs and expenses	ESC Act 54 (1) (d)	Yes	31
Rural and regional investment distribution	ESC Act 54 (1) (e)	Yes	24
Total value of concessions	ESC Act 54 (1) (f)	Yes	24
Other matters agreed between the ESC and Minister	ESC Act 54 (1) (g)	N/A	N/A

Glossary

Term	Description
AEMO	Australian Energy Market Operator—Australia's independent operator of electricity and gas markets, and energy systems.
ASL	AusEnergy Services Limited—an independent AEMO subsidiary and the Consumer Trustee that acts in the long-term financial interests of NSW electricity customers.
BARC	Board Audit and Risk Committee—a Board committee that oversees governance, risk management, internal controls, audit processes and compliance obligations.
BNRC	Board Nomination and Remuneration Committee—oversees Board and executive appointments, performance and remuneration.
COD	Commercial operation date—the date a project begins commercial operations and starts providing services to the market.
Consumer energy	Investments in household and community energy platforms, including technologies that generate and store electricity.
ESC	Energy Security Corporation—the NSW Government's clean energy investor.
ESC Act	*Energy Security Corporation Act 2024*—the legislation that established the ESC.
ESC Investment Mandate	Government-issued direction that sets how the ESC invests public capital.
FID	Final investment decision—the point at which a project formally proceeds to investment and construction.
FIS	Financial Impact Statement—an assessment of the expected financial costs, benefits and impacts of a program, project or investment.
FTE	Full-time equivalent—a standard measure used to represent employee and workforce numbers on a full-time basis.
GGS	General Government Sector—NSW Government agencies that deliver public services and operate under common governance, financial and reporting requirements.
General portfolio	ESC investment portfolio focused on large-scale energy projects.
GIPA Act	*Government Information (Public Access) Act 2009 (NSW),* governing public access to government information.
GWh	Gigawatt hour—a unit used to measure generated or stored electricity over time.
Home Energy Saver loans	NSW Government loan program supporting eligible households to access energy saving home upgrades.
IPART	Independent Pricing and Regulatory Tribunal—NSW's independent pricing and economic regulator.
MW	Megawatt—a unit used to measure electricity generation or storage capacity.
NSW DCCEEW	NSW Department of Climate Change, Energy, the Environment and Water.
PPIP Act	*Privacy and Personal Information Protection Act 1998 (NSW)*, governing privacy management by NSW agencies.
Private co-investment ratio	The amount of private capital attracted for every dollar invested by the ESC.
SBI	Statement of Business Intent—an annual document setting priorities, activities, performance measures and financial settings.

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NSW GOVERNMENT